

Upcoming Courses At The Center

April

- 1-2 Survey of Federal Accounting Concepts and Standards
- 7-8 Managerial Cost Accounting
- 9-10 SF 224 – Statement of Transactions Course
- 11 Reconciling Differences
- 17-18 Accounting for Revenue and Other Financing Sources
- 21-22 Implications of Federal Appropriations Law
- 22-23 SF 224 – Statement of Transactions Course (Chicago)
- 24 Reconciling Differences (Chicago)
- 24-25 Budget Execution Game
- 28-29 Property, Plant and Equipment/Stewardship Reporting
- 30 Certifying Officers

Advanced
Standard
General Ledger

Dollars & Sense

Accrual World

Basic Accounting
Concepts

SF 224
Seminar

May

- 1-2 Accrual World
- 5-6 Federal Asset and Liability Standards
- 8-9 Dollars and Sense
- 12-13 Basic Standard General Ledger
- 19-20 Advanced Standard General Ledger

June

- 3-4 SF 224 – Statement of Transactions Course
- 5 Reconciling Differences
- 9 Basic Accounting Concepts
- 10-11 Budget Execution Game
- 12-13 Survey of FASAB Concepts and Standards
- 16-17 SF 1219/1220 Course
- 23-24 Unlocking Key Reports
- 26-27 Managerial Cost Accounting

Regional offerings

- 24 SF 224 Update Seminar (New Orleans)
- 25 Standard General Ledger Update Seminar (New Orleans)
- 24-25 Survey of Federal Accounting Concepts and Standards (New Orleans)
- 26 SF 224 Update Seminar (New Orleans)
- 27 Standard General Ledger Update Seminar (New Orleans)
- 26-27 Managerial Cost Accounting (New Orleans)

Contact the Registrar (202-874-9560) for more information or fax requests to 202-874-9529. To register for Center courses, submit a training form or purchase order to the Registrar, the Center for Applied Financial Management, 401 14th Street, SW, Suite 1100 KSB, Washington, DC 20227. All courses, unless noted, will be held at 1411 K Street, NW, Room 1100, until further notice.

Financial Management Conference Scheduled for Late Summer

TAKEA SUMMERTIME plunge into the stimulating waters of the 7th-annual Government Financial Management Conference August 20-22.

This spectacular conference, sponsored by the Financial Management Service's Center for Applied Financial Management, will present the latest developments in financial management. Subject-matter experts from the Department of the Treasury, Office of Management and Budget, other Federal agencies, and the private sector will inform and make you want to know more about topics making financial management news.

Be sure to register early for this special event, offering networking and career opportunities, tracks on reporting and standards, technology, human resources, special issues, and more. The conference format consists of lecture and discussion concurrent sessions on specific topics.

The Hyatt Regency Bethesda, Bethesda, MD, is the site of this year's conference. The cost per person is \$495. For registration information, call (202) 874-9560.

Web Site: www.fms.treas.gov/center

Benefit Payments

from Page 1

program. Public Law 104-134, the Omnibus Consolidated Rescissions and Appropriations Act of 1996, includes provisions that will require virtually everyone who receives payments from the Federal Government, including benefit program recipients (e.g., Social Security, Supplemental Security Income (SSI), and Veterans), to receive electronic payments.

Last July 26, Federal program agencies implemented the initial phase of the new legislation. Since then, all new applicants for Federal program benefits have received their payments directly into their accounts, unless certifying in writing that they do not have an account with a financial institution. The final phase of the legislation requires that all still getting checks will receive their monthly Federal benefit payments by some form of EFT by January 1, 1999.

According to FMS Commissioner **Russell D. Morris**, "FMS and other Federal agencies face the challenge of convincing check recipients of the safety, convenience, and reliability of Direct Deposit and of encouraging them to sign up for this service as quickly as possible." For example, SSA has only 2 years to convince more than 22 million Social Security and SSI recipients to switch from checks to Direct Deposit.

To help inform the public, FMS and SSA, in cooperation with the **Federal Reserve** and the **National Automated Clearing House Association (NACHA)**, are undertaking a comprehensive public information campaign. It includes television and radio public service announcements featuring noted actors and printed promotional material.

Automated Enrollment, or Quick\$tart

Increasing customer awareness of Direct Deposit through marketing is only half of the solution. Nothing is accomplished until consumers act and initiate an enrollment. Problems occur, however, when the enrollment process is not convenient or consumer-friendly. Consumers will often delay or forego using Direct Deposit when confronted with these obstacles.

FMS' and SSA's solution to this challenge is the new automated enrollment (ENR) process, also known as the **Quick\$tart** service. Since September 20, financial institutions throughout the country have a faster, more secure, and convenient way to communicate customer Direct Deposit enrollment information to FMS for Veterans, Railroad Retirement, and **Office of Personnel Management (OPM)** benefit recipients and to SSA for Social Security and SSI benefit recipients.

Using a new Automated Clearing House (ACH) standard entry class code, ENR, financial institutions can transmit Direct Deposit enrollment information to FMS and SSA for their customers' monthly benefit payments. Because there are no forms to mail or calls to make, financial institutions are finding the new ENR/Quick\$tart service particularly useful in assisting

Direct Deposit Too, from Page 7

planning to offer the DD Too model as an additional account, which is separate from their basic checking products. These financial institutions are not necessarily calling these accounts "Direct Deposit Too," but all plan to incorporate the DD Too standards and make the account available within their service areas.

FMS hopes that many more financial institutions will respond to the prospect of millions of new account holders by incorporating the DD Too standards. Meanwhile, if you would like more information about DD Too, contact FMS' Product Promotion Division on (202) 874-6540. [FC](#)

"FMS and other Federal agencies face the challenge of convincing check recipients of the safety, convenience, and reliability of Direct Deposit. . . ."

—FMS Commissioner Russell D. Morris

their customers who receive checks to convert to Direct Deposit as required under the Federal legislation by 1999.

SSA Payment Cycling

Traditionally, FMS issues all Social Security and SSI payments at the beginning of the month. Because FMS now generates payments to more than 50 million SSA beneficiaries, this practice results in a large increase in Federal agency and financial institution workloads in the first 10 days of each month. With the anticipated dramatic increase in the beneficiary population in the next 25 years, issuing all payments at the beginning of the month will lead to a serious deterioration in the Government's ability to maintain quality public service.

SSA and FMS have decided to alter these payment patterns by establishing 3 additional payment days on the second, third, and fourth Wednesdays of the month. This new payment schedule **will affect only new Social Security beneficiaries** who file for benefits on or after May 1, 1997. FMS will begin issuing cycled SSA payments in June 1997. SSA, FMS, and the financial community will be able to level their workloads gradually by spreading payments across the month. Cycling also will allow SSA field offices and the SSA toll-free 800 number employees to continue to provide high levels of service throughout the month.

For Direct Deposit promotional information, copies of the new ENR/Quick\$tart desktop guide, or the SSA Payment Cycling information kit, contact FMS' Product Promotion Division on (202) 874-6540. [FC](#)

FRB/LOC Conversion to ASAP Nearing Completion

BY CHARLES MORGAN AND DALE WALTON

THE FINANCIAL MANAGEMENT Service, in cooperation with the **Federal Reserve Bank (FRB) of Richmond**, is completing conversion of the Federal Reserve Bank/Letter of Credit (FRB/LOC) system to the **Automated Standard Application for Payments (ASAP)** system. The target date for full conversion is May 1997.

The FRB/LOC system was created in the mid-1960s as a mechanism to deliver payments to recipients of Federal grants. It has been a legacy system that has served the Government and Federal grantees well over the years. The FRB/LOC system is today operated and maintained by the FRB Richmond on behalf of FMS.

Under the FRB/LOC system, Federal program agencies establish letters of credit in the system against which financial institutions, on behalf of recipients, request funds. The recipient's financial institution establishes a bank account on behalf of the recipient for the purpose of grant-related expenditures. As the recipient issues payments against this bank account, the financial institution makes a payment request against the letter of credit using the FRB's **Fedwire** system. This electronic request is processed by the FRB/LOC system, and, if approved, the payment is issued to the financial institution via Fedwire.

One of the biggest hindrances of the FRB/LOC system is the use of manual and paper-based processes. Whenever an agency establishes or amends an LOC, a paper form must be completed and mailed. Because of this paper-based process, there can be considerable delays in effecting the changes to the LOC. In addition, FRB/LOC does not provide any capability for allowing Federal agencies to closely monitor drawdowns of Federal funds made by recipients.

Under ASAP, Federal agencies establish recipient accounts via online access to the ASAP data base. [See the September 1996 *Financial Connection*.] The agency also sets the authorization amount against which recipients can request funds. Recipients, or their duly appointed payment requesters (such as financial institutions), make payment requests against the authorized amount. If approved, a same-day Fedwire or next-day Automated Clearing House (ACH) payment is made. For converted FRB/LOC accounts, all payments will be made on a same-day basis via Fedwire. ASAP subsequently produces daily reports with which agencies can daily reconcile their activities.

There are several benefits to be realized by using ASAP rather than the FRB/LOC system. The only manual or paper processing involved is the initial enrollment process. From that point on, all activity in ASAP is automated, using online processing. If a change must be made to a specific account, the agency need only access ASAP online and make the necessary changes instantaneously, with no delays traditionally associated with paper-based and manual processing. In addition, agencies receive daily reports on all ASAP activity via printer notification or data transmission. Daily access to this information allows for more accurate and timely reconciliation for the agency.

With ASAP, Federal agencies still have all of the functionalities of the FRB/LOC system. In addition, they have the benefit of having greater control over their accounts and having instantaneous access to account information. In addition, with the closure of the FRB/LOC system, the Federal Reserve will be realizing substantial cost savings by no longer maintaining the FRB/LOC system.

All questions related to this conversion effort should be directed to Dale Walton on (202) 874-7118 or Patricia Watford on 874-6542 in FMS. [FC](#)



FedSelect Shopping Phases In

BY ETHEL WITT-McCALL

THE FINANCIAL Management Service held a FedSelect Focus Group session October 9, inviting agencies that had already initiated site accounts under a memorandum of understanding. The session was held to gather and share knowledge from the experience of users in efforts to provide a level of total integrated financial service for the future. A second objective was to review the Phase II version of the new FedSelect check-writing software system.

The Phase II conversion was successfully completed in December, and clients are using this new enhanced software version. One attendee, **Kim Powers**, certifying officer with the **Department of Energy (DOE)**, Argonne, IL, proclaimed, "The session was very informative because, as a certifying officer, I did not know that I could access the screens to clear up problems about balancing and check sequencing."

Another satisfied participant, **Robert Miller** of the **Department of Defense (DOD)**, Washington, DC, commented on the new check-writing software system: "A marked improvement from the initial product, very impressed by the enhanced features, and other changes in the future would be a bonus; I appreciated the

FMS DEPUTY COMMISSIONER

Michael Smokovich, left, honors Nelson Henderson with a certificate of appreciation as he finishes up business as OPM's Treasury liaison.



invitation to the session!"

FedSelect electronic checks are being processed at several agencies, including, but not limited to, DOD, DOE, the Departments of **Commerce**, **Interior**, and **Veterans Affairs**, and **U.S. Coast Guard**. FedSelect electronic checks are used for imprest fund, cash advances, and other "on-demand" payment transactions. FMS encourages your participation as well.

Keeping with the spirit of an electronic payments environment, FMS began rolling out the FedSelect check initiative to agencies that were participating in third-party draft services offered by private sector institutions at significantly higher costs. Consequently, these services have not been cost-effective for most agencies using third-party draft services. FedSelect check is the new check payment alternative less costly than what other providers offer.

The recent electronic funds transfer (EFT) legislation has mandated the movement from paper to an electronic payment environment; however, it is projected that 5 to 10 percent of check volume will remain. The FedSelect enhanced system can now bring you total integrated financial services. For example, the financial information application can provide a plethora of downloaded financial data use. In the future, you will be able to support plastic card activity through automated teller machine (ATM) and point-of-sale (POS) networks. FedSelect Financial Services is your one-stop shop for the future! For more information, call (312) 353-2064. **FC**



Tom Phipps

FMS Bids Farewell to Nelson Henderson, Much-Respected Treasury Liaison at OPM

A GOOD FRIEND and colleague of the Financial Management Service, **Nelson Henderson**, the Treasury liaison officer at the **Office of Personnel Management (OPM)**, Washington, DC, retired on December 20, 1996, after 15 years in that role.

Nelson was widely known and esteemed by many in FMS who worked with him over the years on any number of issues and projects affecting OPM benefits, especially the implementation of electronic funds transfer (EFT), check recertification, limited payability and claimability on checks, International Direct Deposit, death notification to banks via EFT, and, most recently, mandatory EFT. It would be hard to conceive of someone more conscientious or responsible than Nelson handling those tasks. Probably many at FMS were unaware that Nelson was OPM's liaison with the **Internal Revenue Service** at the same time. In addition, he performed considerable liaison work for OPM with the **Postal Service** and with the **State Department**, as well as represented OPM in its joint meetings of the "Big Four" benefit agencies: **Social Security Administration**, **Department of Veterans Affairs**, **Railroad Retirement Board**, and OPM.

Nelson plans to live in the Springfield, VA, area. His daughter and son are still working their way through their higher education.

Have a great retirement, Nelson; you earned it. And a lot of us will miss you very much.

—Jim Ball

SSA, FMS Launch Payment Cycling

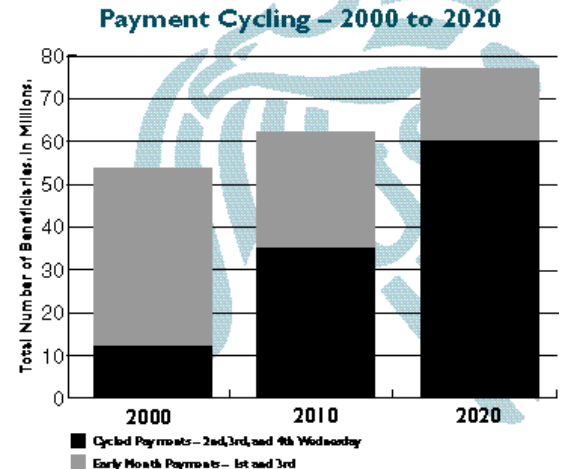
BY SHEILA KREMER AND ELEANOR KELLY

ON FEBRUARY 11, the Social Security Administration (SSA) announced changes in the payment pattern of benefits for new SSA beneficiaries. This initiative, called payment cycling, goes into effect with new benefit applications taken on or after May 1, 1997. The payment date for current beneficiaries will not change. Payment cycling does not affect people receiving Supplemental Security Income (SSI) payments and people who receive both Social Security and SSI benefits.

"We are establishing payment cycling so we can continue providing world-class service to our increasing customer population," Shirley S. Chater, Commissioner of Social Security, and Russell D. Morris, Commissioner, Financial Management Service, said in their joint message to the financial and business communities. With the baby boomer generation rapidly approaching retirement, the number of SSA payments is expected to explode in the next few years. Currently, FMS distributes 50 million Social Security and SSI payments each month. In the next 25 years, SSA expects the Social Security beneficiary population will increase to nearly 80 million.

Cycling payments will spread out the receipt of benefits and the public's questions about benefits throughout the month, allowing the agencies to be more responsive to their customers. The flexibility of payment days also alleviates the workload peaks for SSA, FMS, and the financial community.

Depending on the birth date of the primary recipient, SSA benefits will be paid as follows:



Primary Account Holder

Date of Birth

Assigned Payment Date

1st-10th of the month

11th-20th of the month

After the 20th of the month

Second Wednesday

Third Wednesday

Fourth Wednesday

SSA and FMS welcome questions from the financial and business communities about payment cycling. For further information, contact the SSA Office of Financial Policy and Operations at (410) 965-2671, 965-0390, or 965-2863. Or, you may contact the Customer Assistance Staff at the FMS Philadelphia Financial Center at (215) 516-8015. [FC](#)



■ ■ ■ *The Financial Connection on the Internet:*

<http://www.fms.treas.gov/finconn.html>

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